



October 15, 2012

Ms. Emma Karlen, Financial Services Director
City of Milpitas
455 East Calaveras Boulevard
Milpitas, CA 95035

Dear Ms. Karlen:

Subject: Recognized Obligation Payment Schedule

Pursuant to Health and Safety Code (HSC) section 34177 (m), the City of Milpitas Successor Agency (Agency) submitted a Recognized Obligation Payment Schedule (ROPS III) to the California Department of Finance (Finance) on August 31, 2012 for the period of January through June 2013. Finance has completed its review of your ROPS III, which may have included obtaining clarification for various items.

HSC section 34171 (d) defines enforceable obligations. Based on review and application of the law, following do not qualify as enforceable obligations:

The following items were not approved by the Oversight Board in their August 16, 2012 meeting and no documents were provided showing the Agency is obligated to make payments:

- Item 3 and 4 – “LMIHF Loan” totaling 9.4 million funded by the Redevelopment Property Tax Trust Fund (RPTTF) funding
- Item 6, 7, and 8 – Cooperative Agreements and Development and Disposition Agreements (DDA) totaling \$17.7 million funded by the RPTTF funding.

The Santa Clara County Finance Agency issued a “NOTICE OF OBJECTION TO ROPS” letter dated September 25, 2012 objecting to the above items for the same reason: no Oversight Board approval and not documents obligating the Agency to make payments.

Except for items denied in whole or in part as enforceable obligations as noted above, Finance is approving the remaining items listed in your ROPS III. If you disagree with the determination with respect to any items on your ROPS III, you may request a Meet and Confer within five business days of the date of this letter. The Meet and Confer process and guidelines are available at Finance’s website below:

http://www.dof.ca.gov/redevelopment/meet_and_confer/

The Agency’s maximum approved Redevelopment Property Tax Trust Fund (RPTTF) distribution for the reporting period is: \$8,373,312 as summarized below:

Approved RPTTF Distribution Amount	
For the period of January through June 2013	
Total RPTTF funding requested for obligations	\$ 8,129,429
Less: Six-month total for items(s) denied	
Item 3	0 *
Item 4	0 *
Item 6	0 *
Item 7	0 *
Item 8	0 *
Total approved RPTTF for enforceable obligations	\$ 8,129,429
Plus: Allowable RPTTF distribution for administrative cost for ROPS III	243,883
Total RPTTF approved:	\$ 8,373,312

*No RPTTF funding requested for the reporting period

Pursuant to HSC section 34186 (a), successor agencies were required to report on the ROPS III form the estimated obligations and actual payments associated with the January through June 2012 period. The amount of RPTTF approved in the above table will be adjusted by the county auditor-controller to account for differences between actual payments and past estimated obligations. Additionally, these estimates and accounts are subject to audit by the county auditor-controller and the State Controller.

Please refer to the ROPS III schedule that was used to calculate the approved RPTTF amount:

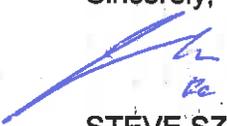
<http://www.dof.ca.gov/redevelopment/ROPS/ROPS III Forms by Successor Agency/>.

All items listed on a future ROPS are subject to a subsequent review. An item included on a future ROPS may be denied even if it was not questioned from the preceding ROPS.

The amount available from the RPTTF is the same as the property tax increment that was available prior to enactment of ABx1 26 and AB 1484. This amount is not and never was an unlimited funding source. Therefore, as a practical matter, the ability to fund the items on the ROPS with property tax is limited to the amount of funding available to the successor agency in the RPTTF.

Please direct inquiries to Bob Scott, Supervisor or Jenny DeAngelis, Lead Analyst at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Ms. Jane Corpus Takahashi, Finance Manager, City of Milpitas
Ms. Irene Lui, Controller-Treasurer, Santa Clara County